




3 1761 11224512 1



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto



<https://archive.org/details/31761112245121>

CAI
XC14

-R11

Canada. Railways, Canals and
Telegraph Lines, Standing
Committee on,
1957/58

HOUSE OF COMMONS

First Session—Twenty-third Parliament

1957

Government
Publication

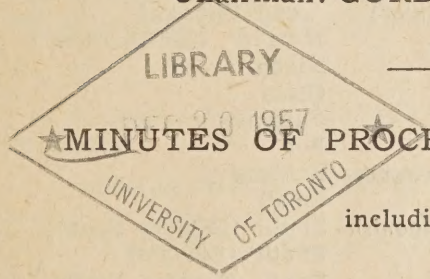
~~30~~
~~A-5~~
~~1957/58~~
no. 4

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: GORDON K. FRASER, ESQ.



MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

including 8th Report

BILL No. 102

(Letter X-1 of the Senate), An Act respecting Alaska-Yukon
Pipelines Ltd.

TUESDAY, DECEMBER 10, 1957

WITNESSES:

Mr. John G. Porteous, Q.C., Director, Alaska-Yukon Pipelines Ltd.; and
Mr. R. G. Robertson, Deputy Minister, Department of Northern Affairs
and National Resources

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1957.

STANDING COMMITTEE
ON
RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: Gordon K. Fraser, Esq.,
and Messrs.

Barbes	Holowach	McPhillips
Batten	Howe (<i>Vice-Chairman</i>)	Muir (<i>Cape Breton North</i>
Begin	Johnston (<i>Bow River</i>)	<i>and Victoria</i>)
Bonnier	Kennedy	Murphy (<i>Westmorland</i>)
Blanchette	Lafontaine	Nixon
Brassard	Lavigne	Olson
Broome	Leboe	Phillips
Bryce	Lewry	Rea
Byrne	Macdonald (<i>Vancouver-</i>	Rouleau
Chevrier	<i>Kingsway</i>)	Small
Crouse	MacDonald (<i>Antigonish-</i>	Smith (<i>Calgary South</i>)
Dupuis	<i>Guysborough</i>)	Smith (<i>Lincoln</i>)
English	Marler	Smith (<i>Simcoe North</i>)
Fairfield	Martini	Smith (<i>Battle River-</i>
Fisher	McBain	<i>Camrose</i>)
Gauthier (<i>Lac St. Jean</i>)	McDonald (<i>Hamilton</i>	Stanton
Gauthier (<i>Chicoutimi</i>)	<i>South</i>)	Stuart (<i>Charlotte</i>)
Grills	McGrath	Taylor
Haidasz	McIlraith	Villeneuve (<i>Roberval</i>)
Harrison	McIvor	Vincent
Herridge	McLeod	Winch
		Wratten

A. Small,
Clerk of the Committee.

ORDERS OF REFERENCE

MONDAY, November 18, 1957.

Ordered,—That the Standing Committee on Railways, Canals and Telegraph Lines be empowered to examine and inquire into all such matters and things as may be referred to it by the House; and to report from time to time its observations and opinions thereon, with power to send for persons, papers and records.

TUESDAY, November 26, 1957.

Ordered,—That the quorum of the said Committee be reduced from 20 to 12 members, and that Standing Order 65(1)(b) be suspended in relation thereto.

Ordered,—That the said Committee be empowered to print such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.

TUESDAY, December 3, 1957.

Ordered,—That the said Committee be authorized to sit while the House is sitting.

Ordered,—That the following Bill be referred to the said Committee:

Bill No. 102 (Letter X-1 of the Senate), intituled: "An Act respecting Alaska-Yukon Pipelines Ltd."

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

WEDNESDAY, December 11, 1957.

The Standing Committee on Railways, Canals and Telegraph Lines has the honour to present the following as its

EIGHTH REPORT

Your Committee has considered Bill No. 102 (Letter X-1 of the Senate), intituled: "An Act respecting Alaska-Yukon Pipelines Ltd." and has agreed to report it with the following amendments:

Clause 1

1. On page 1, line 11, delete the words "gas and";
2. On page 1, lines 23 and 24, delete the words "natural and artificial gas and"; and
3. On page 1, line 29, delete the words "natural and artificial gas and".

A copy of the Committee's Minutes of Proceedings and Evidence in respect of the said Bill is appended hereto.

Respectfully submitted,

GORDON K. FRASER,

Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, December 10, 1957.

The Standing Committee on Railways, Canals and Telegraph Lines met at 10.30 a.m. The Chairman, Mr. Gordon K. Fraser, presided.

Members present: Messrs. Bryce, Crouse, English, Fairfield, Fisher, Fraser, Grills, Herridge, Holowach, Howe, Johnston (*Bow River*), Kennedy, Lavigne, Leboe, Lawry, MacDonald (*Antigonish-Guysborough*), McBain, McGrath, McIlraith, McIvor, McLeod, McPhillips, Olson, Small, Smith (*Calgary South*), Smith (*Lincoln*), Smith (*Simcoe North*), Stanton, Winch, and Wratten.—(30)

In attendance: Mr. Gordon Chown, M.P., Sponsor; Mr. Cuthbert Scott, Q.C., Parliamentary Agent; Mr. John G. Porteous, Q.C., Director, Alaska-Yukon Pipelines Ltd.; Mr. R. G. Robertson, Deputy Minister, and Mr. C. H. Herbert, Chief of Economic Division, both of the Department of Northern Affairs and National Resources.

The Committee commenced consideration of Bill No. 102 (Letter X-1 of the Senate), "An Act respecting Alaska-Yukon Pipelines Ltd."

Mr. Lewry, on a point of order, requested the Chairman to rule whether the Committee might be precluded from considering this Bill on the grounds that the question of pipelines was now before the Royal Commission on Sources of Energy. The Committee, however, agreed to proceed by virtue of an Order of the House and also because the matters before the said Royal Commission relating to the principle of this Bill were not considered to be "sub-judice" (see Mr. Speaker's statement at page 119 of the unrevised edition of "Hansard" for October 17, 1957).

On motion of Mr. Kennedy, seconded by Mr. Herridge,

Resolved,—That the Committee print 700 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence in respect of Bill No. 102, "An Act respecting Alaska-Yukon Pipelines Ltd."

On the Preamble:

On request of the Chairman, Mr. Chown called and introduced the Parliamentary Agent and witnesses for hearing and questioning.

The Preamble was considered and adopted.

On Clause 1:

Mr. Winch moved, seconded by Mr. Fisher, that Clause 1 of the Bill be amended so as to restrict the purpose of the Bill to the transmission and transportation of oil and other liquid products and gaseous hydrocarbons.

The said motion was carried, subject to redrafting by the Law Clerk (*For text of amendments, see Eighth Report*).

Clause 1, as amended, was considered and adopted.

The Title was adopted.

The Bill, as amended, was adopted.

Ordered,—That the Chairman report the said Bill, as amended, to the House.

At 12.15 p.m., the Committee adjourned to the call of the Chair.

A. Small,
Clerk of the Committee.

EVIDENCE

TUESDAY, December 10, 1957.
10:30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. This morning we are on Bill No. 102 (Letter X-1 of the Senate), An Act respecting Alaska-Yukon Pipelines Ltd.

On the preamble.

I am going to call on Mr. Gordon Chown, the sponsor of the bill.

Mr. LEWRY: On a point of order, Mr. Chairman. We have been advised in the house that matters respecting bills have been referred to a royal commission, and any discussion suggested in the house was *sub judice*. I would ask your ruling as to whether or not this is in the same category.

The CHAIRMAN: Well, I think on that, Mr. Lewry, I will ask the opinion of the members. Are there any objections to our going on with this bill this morning?

Mr. LEWRY: I am not objecting to it; I just want a ruling.

The CHAIRMAN: I think if this referred to a special pipe line that a court or a royal commission was sitting on, it would be a different proposition; but there is no royal commission on this Bill at the present time.

Mr. SMITH (*Simcoe North*): I think in any event this matter does not deal with a principle of the disposal of a natural resource or power in Canada. It is a very narrow subject dealing only with the location of a pipe line already in existence. This does not come within the general objection stated by Mr. Lewry.

The CHAIRMAN: Gentlemen, this is also a private bill and I doubt if any commission would have authority over it.

Mr. WINCH: So was the Bell Telephone.

Mr. JOHNSTON (*Bow River*): Is it not a fact that you can deal with anything on pipe lines as long as it does not deal with anything in the form of evidence which is coming before a royal commission?

The CHAIRMAN: I understand that is the case.

Mr. McILRAITH: I am not objecting on this point but I do think there have been a lot of inaccuracies as to the legal position. If you are going to make a ruling on it you ought to have it stated accurately. The Borden Commission does include references to all matters of principle relating to pipe lines in Canada and to sources of energy. The order in Council setting up the Royal Commission is somewhat badly drafted but it does have broad references to pipe lines. It has been asserted in the house, I believe, by the Prime Minister—although I did not turn it up—that this prevented us from discussing pipe line matters in the House of Commons. Now the committee, of course, cannot do anything beyond what can be done by the house itself. Its authority is not any wider than that of the house. The only point at issue in the Bill before us is the matter of principle as to whether parliament should grant the applicant the right to build a main pipe line outside of Canada. As I say, the government has given us no lead whatever on this private bill.

I mentioned it to the government leader because there is a flat inconsistency in the stand they are taking in the house. They are saying you

cannot deal with some pipe lines but you can deal with others. This is a privately-owned pipe line, and all the others such as Trans-Canada, are privately owned, with one exception. But the principle is the same. I think it should be on record that there is a different stand being taken by the government, that they are saying one thing in the house about pipe lines generally and saying another thing when this particular bill comes up. Apparently it is a matter of whose pipe line it is.

There is one other preliminary point I should like to raise but perhaps I can do it separately after we deal with the point raised by Mr. Lewry.

The CHAIRMAN: This bill was referred to this committee by the House of Commons. We are charged with looking after it and therefore, we have authority to go ahead. That would be my opinion.

Mr. JOHNSTON (*Bow River*): The bill that was referred to in the house was referred to by the hon. member from Calgary South (A. R. Smith) and he objected to the pipe line being discussed because the matter was before the royal commission. But the chairman overruled him and said it was permissible to go ahead and we did go ahead.

The CHAIRMAN: Yes, I understood it in that way.

Mr. WINCH: I personally have no objection to going ahead with this bill but I do think certain things should be made clear. Only a few days ago we had the Bell Telephone bill and that was a private bill, the same as this. We were told that because there were certain issues before the Transport Board it could not be discussed here. This is also a private bill but there has been a reference—and it was given by the Prime Minister a few weeks ago—a reference to a royal commission.

I do not know whether you remember, sir, but I did raise a question at that time about a line exporting outside of Canada and raised the question as to the law of Canada, that it could not be exported at a price lower in the United States or lower outside of Canada than inside of Canada. The answer I got from the Prime Minister was that this is a matter for the royal commission and that, therefore, I was out of order. And so you can understand why we have our difficulties.

The CHAIRMAN: I remember you bringing that up, and you mentioned the Bell Telephone Bill. But the Board of Transport Commissioners have a definite matter before them at the present time and it is the Bell Telephone Company rates.

Mr. WINCH: The royal commission on the terms of reference that were given in the House of Commons makes a reference on matters concerning this. I am not objecting but I do think all these points ought to be noted.

Mr. HERRIDGE: I suggest we should proceed without prejudice but that the chairman obtain a ruling on this point from someone competent to give it. But this is a point that has to be considered.

The CHAIRMAN: It is a point that has to be considered and after this meeting I will take it up with the Speaker of the House and ask for a ruling on the matter. (See Mr. Speaker's statement, p. 119 of the unrevised edition of *Hansard* for October 17, 1957).

Mr. HERRIDGE: Thank you.

Mr. McPHILLIPS: I do not agree in committee with this business of getting outside rulings because that is not the way we should operate. You should make the ruling. The Bell Telephone matter is entirely different.

The CHAIRMAN: That is right.

Mr. McPHILLIPS: The matter of rates was not involved. You said we could not deal with rates. The same thing applies here. This is simply getting a corporate power. Corporate power does not mean anything unless this

company can obtain the necessary permit. It is simply asking for corporate power. Surely we certainly have the right to deal with that. If, as a result of the Borden Commission, certain restrictions are brought into play, of course they would be subject to it.

The CHAIRMAN: Well, gentlemen, are you agreed that we go on with the bill?

Some Hon. MEMBERS: Agreed.

Mr. KENNEDY: I move, seconded by Mr. Herridge, that the committee print 700 copies in English and 200 copies in French of the minutes of proceedings and evidence in respect to Bill No. 102, an act respecting the Alaska-Yukon Pipelines Ltd.

Mr. JOHNSON (*Bow River*): Are you going to need that many?

Mr. FISHER: It will depend on the number of libraries to which copies are sent. That is the basic principle.

The CHAIRMAN: I notice in the daily notice from the Printing Bureau that our proceedings on other bills that have been before us are on sale at 15 cents each.

Mr. KENNEDY: I am agreeable to cutting it down to 500.

The CHAIRMAN: 500, gentlemen? I understand from our clerk that 650 is about the minimum for basic circulation so I think we had better let it stand, if that is satisfactory, at 700.

Agreed.

I am going to call on Mr. Gordon Chown, the sponsor of the bill, to introduce the parliamentary agent, Mr. Cuthbert Scott, Q.C., and also Mr. J. G. Porteous, Q.C., a director of the company.

Mr. McILRAITH: Mr. Chairman, before you do that, I want it stated on the record that I made a request a week ago that this committee not sit until I had an opportunity of speaking to you about choosing a date that would be suitable. Now it happens that the time for the meeting of this committee this morning is at the exact time of the general caucus of the Liberal party. This does raise an embarrassing situation. This committee has carried on in a co-operative spirit in the past and I regret the procedure adopted in sitting this morning. The time this morning is particularly inconvenient and as I had made the request I should like that fact entered on the record.

The CHAIRMAN: Yes. The notice of this meeting has been on votes and proceedings since last Thursday and I only heard of the Liberal caucus meeting at 10:10 this morning, which was too late to call off this meeting. Mr. McIlraith did speak to me and I told him at that time that it had been decided to hold this meeting either today or tomorrow. It was found that it was most convenient to hold it today, so it was held today; and if Mr. McIlraith had come to me, perhaps yesterday, I could have switched the meeting. I thought that there was sufficient notice of it for any objections. Now I will call upon Mr. Gordon Chown.

Mr. CHOWN: Mr. Chairman and members of the committee, I am not a member of this committee, but I was asked to sponsor this bill in the house, which I did a short time ago, and explained the contents of it to the best of my ability. I appreciated the comments and enquiries made by hon. friend, Mr. McIlraith, following my introduction. We have with us today Mr. Scott who is the parliamentary agent. I would ask him to stand up.

The CHAIRMAN: Mr. Scott, will you come up here please.

Mr. CHOWN: And he has with him as his chief witness a director of the company, Mr. Porteous, who might as well likewise go up.

Mr. JOHNSTON (*Bow River*): Mr. Chairman, may I just ask for clarification. Did I understand the sponsor to say that the Board of Transport Commissioners had recommended this.

Mr. CHOWN: No, I did not say that.

Mr. JOHNSTON (*Bow River*): What was your reference to that in the house? Have the Board of Transport Commissioners recommended this?

Mr. CHOWN: No. They recommended that this matter be referred back to the Senate and House of Commons for the amendment. That has been given second reading in the house and referred to this committee. It all has to be referred, in due course, to the Board of Transport Commissioners for reconsideration after it has been cleared by this committee. It has to go back to them.

Mr. JOHNSTON (*Bow River*): I understand that.

Mr. CHOWN: We also have with us Mr. Robertson, the Deputy Minister of Northern Affairs and National Resources.

The CHAIRMAN: Mr. Robertson, do you want to come up here?

Mr. CHOWN: He has with him his assistant, Mr. C. H. Herbert, chief of the Department's Economic Division.

The CHAIRMAN: Mr. Herbert.

Mr. CHOWN: Mr. Chairman, there is nothing I can really add and I will leave it to the witnesses to answer any questions that might be asked.

The CHAIRMAN: Thank you, Mr. Chown.

Mr. WINCH: May I ask if the federal civil servants are appearing on behalf of the company or for the purpose of answering questions.

Mr. SCOTT: Mr. Robertson, the Deputy Minister, is here on behalf of the government. Because there were some questions asked on the floor of the house, when the bill was given second reading, about the three and four inch pipe lines, I thought Mr. Robertson would know about them.

If I may make a brief statement, Mr. Porteous, as well as being a director of the company and thoroughly familiar with it, is also a lawyer, so that he is more familiar with it than I am. However, I should like to remind the members of the committee of this, that this company, Alaska-Yukon Pipelines Ltd., was incorporated, as you will remember last year, and the plans of the company were carefully gone into before this committee as it was composed during the last session of parliament, and it was passed. Then, under the provisions of the general pipe lines act which parliament passed a number of years ago before there was this rash of pipe lines, it is necessary for any pipe line company to apply to the Board of Transport Commissioners for authority to construct a line. It has to submit to the board its plans and also must satisfy the board as to its requirements and so on. Now, so there will be no misunderstanding, we have here as many as I could get—about 15—printed copies of the judgment of the Board of Transport Commissioners. The board refused the application made by this company for a number of reasons. One of the reasons was that as the board interpreted the language of the companies incorporating act, the board felt the company did not have the corporate capacity, as Mr. McPhillips has well pointed out, to construct the proposed pipe line. So, even if the company had made out a case before the Board of Transport Commissioners on the merits, the board felt that on the interpretation of the incorporating act, that it could not grant the application. So the first step for this company was to come back to parliament and have its incorporating act of last year amended to give it that corporate capacity.

That is all we are asking for here. The explanatory note to the bill makes it clear. The point is a narrow one which the Board of Transport Commissioners raised, and it was this, and I shall read from the explanatory note.

The original act that was passed last session had the proviso:

Provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.

Now as Mr. Porteous will explain this line will run partly in the Yukon and partly in Alaska and when parliament approved this bill last year the thinking was that the main line, as far as Canada is concerned, would be entirely in Canada, and there will also be a line in Alaska. The board said "no", that is not the way we should read it. The way we read the act the main pipe line runs partly in Canada and partly in Alaska and you have not the power to build such a pipe line, and that is why we are here.

Mr. McILRAITH: I think we can clear up the background of the misunderstanding from this witness. I think I ought to refresh the minds of the committee, when this proviso was put in, I believe, by Mr. Green, the present leader of the house, the language used was not the language usually used in these pipe line bills. The limitation put in these bills incorporating pipe line companies requiring them to be built in Canada was usually made applicable only to gas pipe lines. That was pointed out at the time. For some reason the sponsors of this bill did not follow the usual language. I myself pointed it out on two occasions. Rather specifically, I went so far as to show them the usual language used in other pipeline bills.

Now there are two points I would like this witness to clear up. One is this: it was stated repeatedly as appears in *Hansard* that the Board of Transport Commissioners recommended that this company should come back to parliament. Having appeared in the case before the Board of Transport Commissioners I think that is not an accurate way of stating it and I would like the comments of this witness on that point.

Mr. SCOTT: I think that was perhaps a mistaken choice of words on Mr. Chown's part, and it was just a mistake. I may say Mr. Chown had very short notice on the preparation of this matter. The Board of Transport Commissioners did not recommend we come back to parliament but they pointed out we lacked the power to do what we wanted to do. The only way we could get that power was to come back to parliament.

Mr. McILRAITH: Perhaps that is right but the board has no jurisdiction in recommending that you come back to parliament at all. They turned down the application on several points, and one of the points on which they turned it down was the fact you did not have the corporate capacity under this proviso.

Mr. SCOTT: That is right.

Mr. McILRAITH: I wanted the record correct because the *Hansard* reference may be used in other debates on pipe lines and I think it is important it should be clarified on that point.

Now the other point I wanted to ask this witness about is this: as I read the amending bill, I am not clear as to whether you intend to retain the limiting clause on gas pipe lines. Will you just clarify that.

Mr. SCOTT: I think the answer to that is that this company is not dealing with gas at all. It is only dealing with oil.

Mr. McILRAITH: That is the point.

Mr. SCOTT: It is only dealing with oil.

Mr. McILRAITH: Why do you not put in the usual limiting clause concerning gas, pipe lines, as has been done in all other private bills since the point was first made?

Mr. SCOTT: The answer to that is that it was in that form in the Senate and the Senate committee considered that the nearest way of handling the situation was to delete the proviso in its entirety. We are not in the gas business.

Mr. McILRAITH: I understand that.

Mr. SCOTT: We do not intend to go into it.

Mr. McILRAITH: Why do you ask for the corporate capacity to build a main pipe line for the import and export of gas, for the transmission of gas outside of Canada?

Mr. SCOTT: As you know very well, the business of this company—

Mr. McILRAITH: —is all oil.

Mr. SCOTT: All oil and it is the importation of oil from tide water to feed The Yukon, Alaska and the Northwest Territories.

Mr. McILRAITH: I want to state for the benefit of all new members that for a number of years now all pipe line acts have contained a proviso similar to the proviso just read by Mr. Scott in the existing act but limited to lines for the transmission of gas. Now, as a matter of fact, I am at a loss to understand why the company does not want that clause included.

Mr. SCOTT: No. I think the reason was there was a general form of pipe line bill, as you will remember, that was adopted by all companies applying for incorporation and that general form of bill was adopted last year when this company was incorporated.

The CHAIRMAN: Any further questions?

Mr. SMITH (*Calgary South*): The implication which undoubtedly the hon. member for Winnipeg South had in mind was that this was the only way in which this could be corrected and, therefore, it was referred back by the house. I think it should be made abundantly clear that while the transport board has not the authority to refer the subject matter of this bill to the house, it is quite obvious that the applicants have no other alternative but to come back to this committee. That is the reason they are before us this morning. If the correction were purely a matter of record in the committee, that is satisfactory; but there must be no implication that Mr. Chown is making an incorrect statement.

Mr. WINCH: Mr. Chairman, before Mr. Porteous gives his evidence, it might be of some help to Mr. Porteous if we directed a few questions to him. I myself find it difficult to understand the explanatory note and the clause of the bill itself. In the explanatory note, it is made very clear that the proposed amendment is wholly and solely for the purpose of removing a restriction as it deals with an oil pipe line. The section itself has very definitely included the words "natural gas", and things of that nature. If it is correct that the company is wholly concerned with an oil pipe line, would there be any objection by the company to an amendment or a change in the actual wording of this amending bill itself so that in the working of the law, it shall only apply to an oil pipe line and secondly—

Mr. SCOTT: Would you like me to deal with that first?

Mr. WINCH: I would like to know because the original bill was introduced by the company for the purpose of an oil pipe line wholly and solely in Canada, and they have found that they now require to go outside the boundaries of Canada. Will that be a pipe line wholly and solely as a transmission line in and out of Canada or will there be any take-off lines of supply of oil outside of Canada? That makes a great difference.

Mr. SCOTT: Yes.

Mr. WINCH: And I hope those two questions will be clarified by yourself or Mr. Porteous.

Mr. SCOTT: I think with your permission, Mr. Chairman, I will ask Mr. Porteous to answer.

Mr. McILRAITH: I think it is only fair to say that this company has not changed its position with respect to the pipe line they propose to construct. It was always intended to construct the pipe line from the Haines area to Haines junction—from Alaska into Canada. I mention that in case your question may have arisen out of my remarks.

Mr. WINCH: The only reason my question has arisen is because of the law on the export of gas or oil at certain prices.

The CHAIRMAN: I think, gentlemen, Mr. Porteous will explain the bill.

Mr. SMITH (*Simcoe North*): Just before questions are directed to Mr. Porteous, there are a lot of new members, and if he told us a little bit about the purpose of the functions of this proposed company, I think it would make our questions a little more intelligible.

The CHAIRMAN: That is what I was going to say, Mr. Smith. After Mr. Porteous explains just what it is for, I think it will be clear to all the members.

Mr. J. G. Porteous, Q.C., Alaska-Yukon Pipelines Limited, called:

The WITNESS: Mr. Chairman and members of the committee, the Alaska-Yukon Pipelines was incorporated as one stage of a general program to distribute and market petroleum products in the Yukon Territory and also the Fairbanks area of Alaska.

This is one step in a general program, part one of which, the distribution, is now in course, and the third step which is contemplated, is the construction of a refinery.

Now our pipe line that we asked for or intended to build—in fact, though we had the corporate capacity to build until the Board of Transport Commissioners decided otherwise—starts from Tidewater in Alaska, in the Alaskan panhandle and would run some 160 miles, 40 odd miles of which is in Alaska, 18 miles in British Columbia. There is a little narrow neck of British Columbia and the balance in the Yukon territory to a place known as Haines junction. Haines junction is where one of the existing Canol system pipe line runs through. The general conception of this marketing project was to tie in with the existing Canol system which was built during the war by the Americans. It still belongs to the Americans but it is built—and Mr. Robertson knows more than I do about it—and it will eventually be turned back to Canada under a treaty and will be available for use of pumping petroleum products from Haines north and west to Fairbanks and from Haines east to Whitehorse; and subject to a considerable amount of rehabilitation of part of the line, the Canol system will be available further east to Watson Lake, (which is on the boundary of the Yukon territory and British Columbia) the northern territory.

By Mr. Smith (Simcoe North):

Q. Where do you get the oil from?—A. I am just coming to that. In order to get oil from the Yukon, it has to come from the ocean. It is the only way in and it has to come through Alaska because all the ports are Alaskan ports all the way up the coast. It is the only way in through Alaskan ports, it comes in by ocean tankers. It may well be Albertan oil, or it might be

Indonesian oil, Californian oil or whatever is offered at the best rate. It has nothing to do with the use directly of Canadian natural resources. It is a marketing distribution project.

It might be that Canadian oil would be marketed. It might well be that in time they will be refining oil that can be connected more closely to us up there. But the function of this company is to import either crude oil or refined petroleum products into Canada, into the Yukon. It is to import, not to export—to distribute it. We necessarily have to start from Alaska because of the Alaskan panhandle. When the bill passed last year, and I propose to take responsibility for it, I saw no difficulty with the proviso because to comply with Alaskan law we have to operate through an Alaskan corporation, just as in our Canadian law we have to have a Canadian company operating in Canada. So the 40 odd mile of pipe line that would be in Alaskan territory would be owned and operated by an Alaskan corporation.

True, it is two pieces joined together but it is all one unit for the purpose just as much as the interprovincial pipe line that runs from the west coast through the United States. Understand that it is a United States corporation that owns it in the U.S.A. Then it comes back into Canada. That was our idea with the Alaska-Yukon Pipelines Company, that the main line would always be in Canada because we can only go to the boundary, but the Board of Transport Commissioners took the view, as they said, it is all one line.

We did not have, in their opinion, and I do not agree with their interpretation, the power or corporate capacity, so far as Alaska is concerned. I did not agree with their opinion on that, but that is what they did and said to us in their judgment. It is so, of course, that their decision does not prevent us going back before them. So in effect they recommend that we go back to parliament to amend the charter Parliament gave us. The Board made it very clear that the proviso had to be removed before we could go back to the Board and that is why we are back before parliament this year to overcome what might be called a technical obstacle in carrying out the project.

If we did not have to go into Alaska, there would be no question. It is just a geographical problem and when I drafted my bill which was introduced in the Senate, I did exactly what Mr. Winch had in mind. In the proviso, I merely amended to delete the reference to oil. If you look at the original bill, the proviso as set out and my original amendment was merely, delete the words, "and oil", so that the restriction remained so far as gas was concerned.

The Senate committee, for reasons of their own, said that they did not like the way we dealt with it, and they dealt with it another way, and the way they chose to deal with it was satisfactory to the applicant company. We have no objection. I am perfectly frank. We are quite happy to go back to our original amendment if this committee thinks it is preferable. The result is the same so far as we are concerned. The reason that we kept the reference to gas in, was merely following a dozen other of these charters. Section 6 is exactly the same as the Yukon Pipeline, Trans-border and four or five others. It is the standard thing and we did not attempt to revise it in case it led to more difficulty; but so far as restricting the gas side of it, we are not interested in it and never will be. That is quite clear. The Senate took it out of my hands and suggested an amendment of their own.

Q. It is a marketing company?—A. Yes, it is purely for the distribution of petroleum products.

By Mr. Winch:

Q. I appreciate the answers given by the witness. It clarifies quite a bit to me. Do I understand there is no intention, at least at the present time or for some time, to have all the marketing of oil on the Canadian side of the boundary? You are strictly marketing. The products you are going to market

come in on the Alaskan boundary?—A. In so far as the pipe line is concerned, it will be fed from Alaska Tidewater at Haines. Once we get the petroleum product to Haines junction, which is the point of distribution, we will have marketed the product not only in the Yukon Territory and possibly British Columbia, but also in Alaska in the Fairbanks area.

Q. Will Mr. Porteous tell us who are the shareholders of the Alaska-Yukon Pipelines Limited and does the Alaska-Yukon Pipelines Limited own the company who will operate 40 miles in the Alaska area?—A. We have had a United States company incorporated. It has not been organized. We have just got the charter. We have made an application for a permit, but the permit is mainly actually a right-of-way over the United States department of interior lands.

Q. The company operating 40 miles in Alaska will be a wholly-owned subsidiary of the Alaska-Yukon Pipelines?—A. Correct.

Q. Where are your shares spread on the Alaska-Yukon Pipelines Limited?—A. Apart from the six directors, who at the moment own one share each, 100,000 shares have been issued to Alaska-Yukon Refiners and Distributors Limited which is the distributing company, the marketing company.

Q. Who owns the shares?—A. Alaska-Yukon Refiners and Distributors Limited.

Q. I mean, is it owned by a small group or a large group?—A. There are six shares issued to the directors and 100,000 shares issued to the Alaska-Yukon Refiners and Distributors Limited. The latter is a publicly-owned company whose shares were sold and distributed publicly last year throughout Canada so there are no shares of the pipe line in the hands of the public because it has nothing to offer at this stage.

Q. I still do not know who owns this company. Is it the six directors?

The CHAIRMAN: There is a list here.

By Mr. Winch:

Q. We do not have that list, Mr. Chairman.—A. I can tell you who are the directors.

Q. Is it owned by individuals or companies in Canada?—A. There are 100,006 shares outstanding at the moment. The 100,000 shares are owned by Alaska-Yukon Refiners and Distributors Limited which is an Albertan company.

Q. Who are the directors?—A. The directors are: Mr. Sparling of Edmonton, Mr. Drury of Montreal, Mr. Duggan of Edmonton, Air Vice Marshal Guthrie of—

Q. Of Victoria?—A. No, he is of Edmonton. Then there is Mr. Rogers of Montreal and myself, and those are, at the moment, the directors of the Alaska-Yukon Pipelines Company Limited.

Q. One more question, Mr. Chairman. I understood from what you are saying that it is your intention to build a refinery in the Yukon territory?—A. Well, it is our intention.

Q. Because you are importing crude only from Alaska to go through, you cannot bring in high octane gas, only crude. Is it your intention to establish a refinery and break the monopoly of the Imperial Oil, I hope?—A. Well, we have a partner in the distributing business and we are attempting to break somebody else's monopoly; I do not know about Imperial Oil. Actually, the location of the refinery now under active consideration and in the engineering stage is at Haines Junction.

By Mr. McIlraith:

Q. In Alaska?—A. No, in the Yukon.

By Mr. Winch:

Q. In the Yukon territory?—A. Yes. Right in the Yukon territory and if that refinery is built, the pipe line will merely move crude products to it.

By Mr. Smith (Calgary South):

Q. As I recall, and you bring it to my attention now, you have recently or are about to entertain, are you not, an underwriting which is to some extent or some substantial extent, to be sold in Canada?—A. It would be.

Q. Has it been offered yet?—A. No.

Q. I believe Mr. Eric Duggan who is a director is going to be one of the underwriters?—A. Yes, he is one of the underwriters.

By Mr. Johnston (Bow River):

Q. There is a question which comes to my mind. Are there any other companies distributing these products in this area now?—A. Yes. There is a company known as the British-Yukon Navigation which I understand is a subsidiary of the White Pass and Yukon Railway Corporation.

Q. Does British American Oil Company or Imperial Oil Limited do any distributing at all up there?—A. Royalite is distributing.

Q. What is going to be the position of this company in competition with the larger companies?—A. Well, we believe we can compete.

Q. Mr. Chairman, that brings up a very important point so far as I am concerned. I must admit that it brings up an important point in my mind. If this company gets this bill through and they start this construction and then they are up against a proposition of competing with the larger companies such as the Royalite, British American Oil or Imperial Oil, I think experience has proven that they just cannot stand that competition.—A. May I interrupt? You are under a misapprehension. Royalite is associated with us in current marketing. We are working with them.

Q. How are they associated with you? Do they own part of the company?—A. No, under leasing agreements of our facilities in a rather interesting contract, Royalite provides us with the oil and we handle it and they distribute it. There are also two other subsidiaries distributing. That is not the pipe line company; it is the refinery company that is doing that.

By Mr. Smith (Simcoe North):

Q. Do you say Royalite are providing you with oil?—A. Through outside purchasers.

By Mr. Winch:

Q. Who is going to build the refinery?—A. Alaska-Yukon Refiners and Distributors will build it.

By Mr. Johnston (Bow River):

Q. What would be your position if Royalite stopped providing you with oil?—A. They are the largest, they buy in tankers.

Q. But supposing they stopped providing you with the oil?—A. We could buy it too.

Q. I started asking questions here, Mr. Chairman, and I think we should have a statement as to the financial responsibility of the company because it does seem to me that this committee has a responsibility to the public. If we are going to allow the passing of the bill here and the incorporation of a company which in a matter of a year, or perhaps two years, has to fold up, are not the people who bought these shares going to be in a bad spot

then? I think it is a consideration this committee should take as to whether the company itself has the financial ability to go ahead and carry out this project?—A. As to that, so far as the pipe lines company is concerned, and I am not suggesting it is the committee's function, but that it is one in which the Board of Transport Commissioners takes a great deal of interest and requires most cogent evidence before it will allow or grant a permit to construct and operate the line. Now, we cannot provide financing if we have not, first of all, the corporate power to do what we want to do. If and when this committee and the house pass the bill and we have that settled, we then propose to make a new submission to the Board of Transport Commissioners giving them the project, the costs, the design, the financing and also our views as to the market in the area and the possibility of making it a profitable venture which we have already done once, and one which we think can be bolstered, as the board suggested, we have to do it. That is something which can only follow. We cannot tell you about the financing now because we have nothing to tell you about.

Q. And how do you propose to finance it after your other application goes to the Board of Transport Commissioners?—A. From the point of view of the pipe line company the normal procedure, subject to markets, is that you can borrow through loans or bonds a substantial part of the cost of the line which you have to provide out of that money for the difference. In the discussions we have had it has been the general idea that we would go ahead. A number of people have shown interest in the financing of this, but it has been more of an exploratory nature. Until we have our house in order, that is the corporate capacity, we are incapable of making a definite deal with anyone.

Q. Was the Board of Transport Commissioners satisfied with your financial ability to carry on this thing?—A. We placed evidence before the board last year on that point and we had an underwriting at that time; but that is a year ago.

Q. What was the board's view at that time?—A. The board did not comment on that. They did comment on the question of the market. There was quite a lot of discussion on that and they indicated in their judgment that they did not know whether or not we had made out a case on the market. We believe we can now overcome that. When we appear before the board we have to have an underwriting agreement. That is not only in respect of the cost, but also in respect of the financing of the cost, and it is an agreement as of that moment. We may not appear before the board again until June, July or August.

Q. You do have to show financial responsibility to the Board of Transport Commissioners?—A. Yes. That is a *sine qua non*.

Q. When your last application was before the board did the board approve of your financial ability?—A. They did not comment on that. They, first of all, dismissed the application on the question of the corporate capacity. They questioned quite severely the possible market.

Q. They made no comments as to your financial ability?—A. They did not discuss that in their judgment.

Q. Would that be because they were refusing the application in any event?—A. Possibly.

By Mr. McIlraith:

Q. I would think it is a fair inference that they had turned down the application on other grounds and therefore they felt they did not have to deal with the matter of financing. My recollection is that they did not deal with it at all.—A. They did not comment on our submission as to the cost of construction and the operating costs which were before them.

By Mr. Fisher:

Q. Are any of the directors of this company directors of the Royalite Oil Company?—A. No.

Q. On page 13 of the judgment of the Board of Transport Commissioners it reads as follows:

If the applicant does not succeed in arranging for use of the Canol system in conjunction with its proposed line and in consequence its throughput would be transported from Haines Junction by highway, the evidence does not satisfy us that the throughput would be sufficient to make the line economically feasible.

Do the statements which you have just made tie in with this, that you cannot prove this particular point until you have arranged for the use of the Canol system in the interval on some tentative basis?—A. When we appeared before the board we had a letter from Mr. Robertson, the deputy minister of northern affairs, to the effect that if and when the Canol system is delivered to Canadian hands the department of northern affairs would be prepared to lease it to us or make some arrangement so that the two-inch and three-inch line could be used by us as part of our project. The four-inch line, with which Mr. McIlraith is more familiar than am I although I have seen it, was to be dealt with separately by the White Horse or Yukon pipe lines.

MR. MCILRAITH: If and when the three-inch line is returned from the American authorities, I think it is clear that the applicant company would get it either by a lease or otherwise.

MR. WINCH: Is it a fact that this will be turned over?

MR. R. G. ROBERTSON (*Deputy Minister of Northern Affairs and National Resources*): The situation is as Mr. Porteous indicated it. The Canol pipe lines were built at various stages during the war. They are covered by about eight different agreements and those agreements are very complex. Included is a refinery at Whitehorse, a pipe line from Norman Wells in the Northwest Territories to Whitehorse, a pipe line from Whitehorse to Skagway on the Alaskan Coast, another pipe line from Whitehorse to Fairbanks, and a further pipe line from Carcross to Watson Lake in the Yukon. The line from Norman Wells to Whitehorse was disused by the end of the war and has been taken up. The two-inch line from Carcross to Watson Lake has been disused for some years but is not yet taken over by anyone, other than the United States government. The other pipe lines are still in operation and there are negotiations proceeding between Canada and the United States for these lines, that is the part that is in Canada, to be taken over by Canada. The negotiations are not yet complete.

A question arose some time ago as to what would be done with the pipe lines in Canada when they were taken over by Canada. The matter was considered with some care; representations were asked for from various companies who were known to have some interest in this as to what they proposed to do with parts or all of these lines if the lines were made available to them. The position that was taken by the department of northern affairs and the government was that the primary interest, as far as Canada is concerned, was in facilitating the supplies of petroleum products in the Yukon Territory at reasonable prices. I might add that there is an obligation to maintain these pipe lines in existence unless the permanent joint board of defense declares they are no longer required for defence reasons; no such declaration has been made.

The previous government considered the matter and, as a result of its consideration, in 1956 I wrote to the White Pass and Yukon Railway informing

them that the government would be prepared, after the pipe lines were turned over, on certain terms to lease the four-inch line from Whitehorse to Skagway to the White Pass and Yukon system. I also wrote to Alaska-Yukon Refinery and Distributors Limited to say that the government would be prepared to lease the three-inch line from Whitehorse to the Alaskan boundary, and the two-inch line to Alaska-Yukon Refinery and Distributors.

That decision was submitted again to the present government in July of this year in order that the position might be known firmly before negotiations continued with the United States. The present government confirmed those proposals.

Mr. WINCH: We, therefore, have an agreement with the Alaskan-Yukon Pipelines which has been confirmed by the government and by the company.

Mr. ROBERTSON: There is no agreement yet because it depends on the pipe line being turned over to Canada.

Mr. WINCH: There is an understanding?

Mr. ROBERTSON: Yes.

By Mr. Smith (Calgary South):

Q. I have a question to ask in respect of the relationship with the Canol company. Then I would like to ask whether or not it has been established what your potential market is in terms of imperial gallons.

Mr. PORTEOUS: I will give this from memory. We had different surveys and Royalite also made a survey. In the Yukon our figure was in the neighbourhood of 25 million gallons of petroleum products; that is, diesel oil, stove oil and gasoline. In the Fairbanks area, which we also propose to serve along the same system, there is a much larger potential market indicated. Unfortunately I do not have before me the evidence given to the board, but it was somewhat larger, I believe around 30 million gallons; that was the potential in 1955-1956.

Q. Did the Board of Transport Commissioners suggest that you had overestimated the market?—A. They said that the evidence does not satisfy them that the throughput would be sufficient. White Pass estimated how many petroleum products they were distributing and claimed to be distributing 97 per cent of the petroleum products in the Yukon. Their figure was around 18 million.

By Mr. McIlraith:

Q. I believe it was slightly under 16 million imperial gallons in the Yukon.—A. I do not know whether or not White Pass was marketing 97 per cent. However, we propose to proceed to reduce that percentage, if we can, to about 10 per cent.

By Mr. Smith (Calgary South):

Q. You would anticipate a very substantial rate of growth?—A. Yes.

Q. You would not make a guess as to what that would be?—A. The forecast of the growth in the throughput over the years is based upon the best engineering and economic studies available.

Q. Would you give us a brief explanation of the relationship of the transmission system of the pipe line to your distributing organization? Are you primarily concerned with piping oil or are you also concerned with selling the finished product at the retail level?—A. The pipe line is probably not more than a facility to the total enterprise. If it were not for the fact that there is a little neck of British Columbia through which we pass, and about which we are doing nothing, we would not be before this committee because we would not need to comply with the Pipelines Act. That is why we are here. The pipe line is really a facility to the program.

Q. It includes construction of refineries plus distribution?—A. Yes.

By Mr. Leboe:

Q. As a matter of interest, could you tell us what development has taken place and what explorations have been made in the northern area of British Columbia which may affect the pipe line project which you are contemplating here under this bill?—A. In northern British Columbia?

Q. Yes. And the Yukon.—A. Well, so far as northern British Columbia is concerned we would probably never serve there; it would be uneconomic.

Q. You mentioned coming into Watson Lake which is very close to the border.—A. Yes.

Q. I was wondering about the development of oil fields in the northern area which seems to be going forward each year and bringing oil wells into production?—A. As a matter of fact the reason we speak about Watson Lake is that it is about as far as we can economically go. Petroleum products push up the Alaskan highway from the south and transportation charges result. About Watson Lake is the cut-off. It is more economic to move up the Alaskan highway from Fort St. John and Fort Nelson and feed northern British Columbia from the road.

Q. I understand that quite a development is taking place in the northern area and there might be a time when the flow might be reversed in the old line. Has that been under contemplation by the company concerned?—A. Frankly I am not aware of any oil exploration which would materially affect us except near Seward in Alaska where they have found a new oil field. There is a great deal of mineral exploration work going on in the Yukon Territory, but I have not heard of any actual drilling for oil except to the east and nowhere near us.

Q. They have gone as far north as Fort Nelson.—A. If it was practicable to carry oil in that way you would just reverse your pumps.

By Mr. Winch:

Q. Mr. Chairman, may I say first of all that I appreciate the fullness and the absolute honesty of the answers given by Mr. Porteous. I am certain this information is of great assistance to us. There is one other question which I would like to ask. In the event of this bill being passed your company is asking for a corporate change which is required because of the 40 miles in Alaska, and I understand that is because the company will then have to go after finances. I would like to ask Mr. Porteous, if and when this bill goes through and he proceeds with his company's plans and goes after finances, whether it will be an appeal on the public market or if, in full or in part, shares of stock, or whatever term is used, will be offered to the present holders of shares in the Alaska-Yukon Pipelines Limited at a discount on the market price, or on par price?—A. Alaska-Yukon Pipelines Limited is contemplating what is called interim financing, which is to provide funds for the next step, that is complete the engineering, complete the negotiations, and tie ourselves up ready to make our application to the board. The shares will be Alaska-Yukon Pipelines Limited shares and it is intended to offer those to the present holders of Alaska-Yukon Refinery and Distributors shares.

Q. Will they be at a discount rate?—A. No.

Q. The evidence has been on previous bills—A. I know what you have in mind. There is a public offering price which will be fixed. We do not know what it is; it will depend on market conditions at the time. I understand it is intended that there will be some discount allowed Alaska-Yukon Refinery and Distributors Limited.

Q. Have you any idea what that discount may be?—A. No. I do not at the moment. They are already a part of the enterprise. That is the purpose of it. That is a publicly distributed thing, and we are offering those persons in the enterprise a better chance to continue in it, that is the present shareholders.

By Mr. Smith (Simcoe North):

Q. Mr. Porteous, you propose to operate in an area which is pretty much the exclusive domain of one marketing company now. Is that correct?—A. Frankly, I was up in White Horse this fall and I went to Haines Junction. From what I observed there are various stations along the road; that is, British-Yukon Navigation stations. But up in the Fairbanks area that company does not operate. However there are others, and I believe there is a subsidiary of Union Oil. There are other companies operating in that area so there will be competition. There is no question about that.

By Mr. McIlraith:

Q. I think you should go a little further and clear up a point. There seems to have been a misunderstanding arising out of an earlier remark. You are interested in two territories, the Yukon Territory and Alaska. The Yukon Territory has a population of approximately some 10,000 persons now—perhaps it is a little larger than that, and I am open to correction on that figure. The consumption in the year 1955-1956 was something in the order of 16 million imperial gallons per year. Your remarks a few moments ago about one company distributing in there in the past had to do only with the Yukon?—A. Yes.

Q. There was no suggestion that any part of the Alaskan territory was covered by the company which is presently distributing in the Yukon. I think it was also clear at the hearing before the Board of Transport Commissioners that the lines would be common carriers. It was also clear in the evidence as to the distribution that the reason the other company was in the distribution business was because no oil company had ever been there and they were therefore presently selling the products to anyone who would buy them. That is, the distribution arose by the nature of their operations in the territory rather than through an oil company going into the distribution business. I think that was pretty clear on the evidence. I think it is quite clear that while the existing company handled the bulk of the distribution in the Yukon Territory it had no distribution facility in the Alaskan territory.

There is a question before the hearing as to whether or not it would be economically feasible for you to build the line at all if you did not have the three-inch line in order to get into the Alaskan territory because the Yukon market is too small. I think that is right.—A. Yes.

Q. Perhaps you would clarify that?—A. The project involves two marketing areas; one is more important than the other actually.

The CHAIRMAN: Thank you.

Mr. FISHER: May I ask Mr. Robertson a question. Did the white Pass Company show any interest in the line in which this Alaskan-Yukon Company is interested?

Mr. ROBERTSON: Yes. They did. Actually the submissions that were made at the time the proposals were sought from various companies covered, in all cases, all the lines.

Mr. FISHER: Was the government policy based upon a desire to create a competitive situation here, or was it a case where they thought they could get a better price perhaps by dealing with two different agencies.

Mr. ROBERTSON: There was no thought of getting a better price. The feeling of the government, as I mentioned before, was that the primary interest, as far as the government was concerned, was to get an adequate supply of petroleum products in the Yukon area at a reasonable cost. If the government charged a high price for the lines, their price would turn up again in the price of the petroleum products. Therefore the proposal in each case was to lease the line at what would be, in the initial period, a nominal rent; but it was made clear

that the government would expect the fact that the lines were being made available at a nominal rate to be reflected in the prices of the petroleum products in the areas.

As to the lines themselves, in the case of the four-inch line a special situation prevails. The four-inch line is largely on the right of way of the White Pass and Yukon Railway, and it was felt it would not be feasible or realistic to think in terms of that line being handled by any company other than the White Pass. That was more or less settled in advance.

Then, as far as the other lines were concerned, it was a case of having two companies, both of which had expressed an interest in using these lines to supply petroleum products to the area. I think as far as both governments were concerned, it was felt that an equitable arrangement would be to give each company a share of the lines available.

Mr. FISHER: In other words a competitive arrangement?

Mr. ROBERTSON: Yes.

Mr. McILRAITH: The cost of transportation of the product is not determined by permitting competitive lines because the pipe line act provides for application to the Board of Transport Commissioners so that there will not be competition. The safeguard will lie in the requirement that they shall be common carriers; the government put that safeguard in.

Mr. ROBERTSON (*Deputy Minister of Northern Affairs and National Resources*): I am no expert on the pipe line business but I should have mentioned, as Mr. McIlraith did, that it was made a condition in each case that the lines would be a common carrier.

Mr. McILRAITH: That is right.

The CHAIRMAN: Any other questions?

Mr. SMITH (*Calgary South*): The only question is whether or not any other company have shown interest because it seems to me what we are looking at here now, is, first of all, it would seem somewhat conditional on this bill being passed for the present company which is now making application to have assurances that the bill would be passed so that they would be able to be in a position to negotiate for the Canol line. Otherwise, what we are doing by passing it is placing them in a competitive position so they can negotiate for it. I assume that is right.

The CHAIRMAN: Can you answer that Mr. Robertson?

Mr. ROBERTSON: On Mr. Smith's question there was a third company that indicated an interest, Trans-Border Pipelines Ltd. Each company, as I mentioned before, was asked to indicate what it proposed to do if it got the line, and it was felt on examination that the proposals of the two companies that were written in December 1956 were definitely the best proposals.

Mr. SMITH (*Calgary South*): Perhaps I can word it this way: while I am sympathetic towards this application, I would not want it felt that purely because it was done in the past that this company should, therefore, automatically fall heir to the line in competition with the others.

Mr. ROBERTSON: No, it would be definitely a matter for government action. As I mentioned before there has been no agreement with the companies because the lines are not yet in title of the Government of Canada.

Mr. SMITH (*Calgary South*): Assuming that to be the case, that the line was eventually under the control of the government.

Mr. ROBERTSON: Then there is a letter of intent to each company as to what the government would propose, but the conditions have not been spelled out, except in certain matters such as the requirement that they would operate as common carriers.

Mr. McILRAITH: I think there are one or two things perhaps we should clear up. The difficulty does not arise over which one shall get the three or four inch line. That has been settled. The problem before the committee now is whether or not they should grant this power to the applicant company before it has the three inch line. I should think if it had the three inch line—that is, had it from the United States—that it could make a very strong case for getting the power it asks for, I would think the question now is pretty narrow because it is clear and I think this is a fair assumption that if the three inch line does in fact become available and is turned over to the Canadian government, the applicant company will get it. That is a reasonable assumption. The point here is rather different. It does not involve the government. It is whether or not the committee feels it should give the applicant company this power to build an oil pipe line outside of Canada, before it gets the three inch line; or whether it should wait until it knows definitely that it is getting the three inch line. The question as to whether or not it will get the three inch line does not depend on the Canadian government's turning it over to the applicant company but rather depends on the conclusion of the negotiations now going on with the United States towards the turning over of these Canol lines to the Canadian government.

Mr. ROBERTSON: That is correct, Mr. Chairman.

The CHAIRMAN: Any other questions.

Preamble agreed to.

Clause 1—Repeal.

Mr. WINCH: On clause 1 I find myself somewhat in sympathy with this application. I believe that it will be of benefit. I have only visited on one occasion in the Yukon territories and Alaska but I think the establishment of a pipe line through there, a distributing agency and especially a refinery, which is of great interest to me, is all important. And that is the reason I find myself in sympathy with this bill. However, I have noted the remarks of Mr. Porteous to the effect that they are only interested in oil. That being so, I do not believe that there should be any confusion in anyone's mind by our passing what is before us now. It involves dealing with natural gas, and so because of that I would like to move, seconded by Mr. Fisher, that clause 1 of the bill be amended so as to restrict the purpose of the amending bill to the transmission and transportation of oil and liquid products. I think it will in no way meet the objection of Mr. Porteous but it will clarify the purpose of this bill.

Mr. SMITH (*Calgary South*): I agree to that.

The CHAIRMAN: It has been moved by Mr. Winch and seconded by Mr. Fisher that clause 1 of the bill be amended so as to restrict the purpose of the bill to the transmission and transportation of oil and other liquid products.

Mr. WINCH: I use that term because there is a reason. After refining you have to transmit your gas.

Mr. McILRAITH: We had better have a look at the precise wording of the section.

Mr. WINCH: I am going, sir, by your ruling at the last meeting, that all motions must be seconded and in writing, and in view of the length of this I could not draft the precise wording, and I thought if I moved that motion in writing in principle, it would be accepted and the correct wording would then be drafted.

The CHAIRMAN: You have heard the motion, gentlemen. Before it is put Mr. Porteous would like to say something in regard to it.

Mr. WINCH: I do not want to restrict his operation. It is just to remove what I understand he does not want anyway.

The WITNESS: In line 23 of the bill the words "natural and artificial gas", and in the 24th line "and"—if these were deleted I think perhaps that is what you have in mind, and also the same words in the 29th line.

Mr. WINCH: It is impossible to draft it while I sit here. I believe that members of the committee understand the broad principle and if it is agreed in principle the exact wording could be worked out. I have no intention of striking out words like "gathering and storing" and things of that nature.

The CHAIRMAN: Mr. Porteous, Mr. Winch has suggested that instead of your motion, if you would move that those words be struck off, that would be on the 11th line, "and transportation of gas and" on that line, and then in line 23 "of natural and artificial gas" and on line 29 "natural and artificial gas".

Mr. WINCH: Also the words "gaseous hydrocarbons".

The WITNESS: That relates to a form of petroleum product. High octane gasoline is a gaseous hydrocarbon.

Mr. McILRAITH: It seems to me we are in a little danger here in drafting. It is clear what Mr. Winch has in his mind and may I suggest that counsel for the applicant company look at the precedents in the other pipe line acts of incorporation and restrict their proviso to gas.

Mr. WINCH: As a matter of fact it is something which is of such importance—Mr. Porteous knows what happened to him a year ago, just because of something not quite correct in drafting, and I think it would be dangerous for us to try now, sitting here and talking back and forth, to draft it. If we can accept it in principle, then I am sure between yourself and the law counsel and Mr. Porteous himself, you could work out the exact wording.

The CHAIRMAN: One way we could do this is to adjourn and meet again and allow this to come before the law officers.

Mr. McILRAITH: I do not think it is necessary to meet again. I think the purport of Mr. Winch's motion is quite clear, and it is a matter of draftsman-ship only. I did point this out the last time this applicant was before the committee.

The WITNESS: I think my original amendment, which the Senate did not agree with, was the simplest one. I am trying to give the simplest approach to it.

By The Chairman:

Q. What was your amendment in the Senate, Mr. Porteous?—A. To delete two words "and oil" from the proviso. If you look at the explanatory note side in the section as it then read, it will give you the proviso a little more than half way down "provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located". We just struck out "and oil".

Mr. McILRAITH: You should also strike out "and transportation".

The CHAIRMAN: What was that Mr. McIlraith?

Mr. McILRAITH: He should also strike out the words "and transportation", and follow the precedents in the other bills because you transmit gas and transport oil. That is the way other Bills are worded.

Mr. WINCH: I think it is still better if you pass the principle. I have sufficient confidence that I would leave it to you to work it out with the law clerk and Mr. Porteous. I have that confidence, sir.

The CHAIRMAN: What is your opinion, gentlemen? You have Mr. Winch's motion. Would you be satisfied with this motion if we submit it to the law officers to draft it properly.

Mr. SMITH (*Calgary South*): Just one question, that you are not deleting line 24 with reference to gaseous hydrocarbons.

The CHAIRMAN: No. Mr. Winch's motion says to the transmission and transportation of oil and liquid products; it limits it to liquid products. Gentlemen, you have heard the motion.

Mr. McILRAITH: I think, Mr. Chairman, there is a slight misunderstanding about gaseous hydrocarbons. They are included in all oil pipe line bills because when you are dealing with the oil you cannot resist including the gaseous hydrocarbons with certain oil products. They go with the oil group of words in the terminology and not with the gas group.

The CHAIRMAN: According to Mr. Porteous, Mr. Winch, you are in order. To have it covered completely, you would have to have oil and other liquid products and gaseous hydrocarbons.

Mr. WINCH: That is fine.

The CHAIRMAN: Would that be all right?

Mr. WINCH: I believe it is statutory anyhow. I understand on the statute that that is included as a liquid as far as petroleum is concerned.

The CHAIRMAN: You have heard the motion, gentlemen.

Mr. LEWRY: In connection with the point of order raised at first, you said you would obtain a ruling in that matter. Would that be included in the minutes? I do not think it is necessary to go back as long as it is understood that the ruling will be provided.

The CHAIRMAN: With regard to a ruling to consider this bill.

Mr. LEWRY: Regarding the discussion here considering the bill.

The CHAIRMAN: We will try to see if we can include it in the minutes. (See Mr. Speaker's statement at page 119 of the unrevised edition of *Hansard* for October 17, 1957).

Mr. SMITH (*Simcoe North*): I would like to suggest that Mr. Winch's amendment has pretty well made the point of order a matter of academic interest now.

The CHAIRMAN: You have heard the motion, gentlemen, what is your pleasure?

Amendment agreed to.

The CHAIRMAN: Shall clause 1, as amended, carry?

Clause 1 as amended agreed to.

Title agreed to.

The CHAIRMAN: Shall the bill as amended carry?

Bill as amended agreed to.

The CHAIRMAN: Shall I report the bill as amended?

Agreed to.

Mr. FISHER: Mr. Chairman, I should like to make a brief observation. It seems to me we operate in an antiquated way. Why could not we, when we come in, have a digest of what is going to be presented to us; why could we not have a map for each of us. In other words, I am referring to the work of the committee. It does not seem to me in the time that I have been here that we are as efficient as we could be if we had some sort of pre-digest. Now, in the United States Congress it is provided for by the library of congress. Is there not any way where we could have such matters set forth so I would not have to come in cold each time?

The CHAIRMAN: The bill of incorporation for this company was before the Railway committee last year and I understand complete information was given at that time. On the Canadian National Railway Extension Line bill there were maps distributed to each party in the house, and we have tried to give you

every bit of information that has been asked for. Now, I believe it was you, Mr. Fisher, who asked for a copy of the Transport Commissioner's judgment.

Mr. FISHER: Yes and we did not get it until this morning.

The CHAIRMAN: Our clerk Mr. Small did not get copies until this morning for distribution.

Mr. FISHER: It seems to me we do not operate as smoothly as we could, and one of the reasons is that we have not the information here ahead of time and I cannot see any reason why every time we walk in here we should not come in with a file. Why should an individual Member of Parliament have to scramble through all the past references in order to get this. We are supposed to be a smoothly working organization. Why could not we request a service that could provide us with it.

The CHAIRMAN: Perhaps we had better find out from Mr. Small, the clerk. Mr. Small now tells me, Mr. Fisher, there have been a number of requests like this and they are being sent, as suggested, to the clerk of the house, and it is hoped that something will be done along the line suggested.

The committee adjourned to the call of the Chair.

